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NA-21 BIENIAWSKI/SHEELY/ILIOPULOS/STAPLES/DICKERSON, NA-25
HUIZENGA/VOLGER, NA-243-GOOREVICH/BRUNNS; NA-241 O'CONNOR,
LAMONTAGNE
NRC FOR OIP - HENDERSON, SCHWARTZMAN

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SUBJECT: BEGINNING THE RIGHTSIZING OF THE IAEA OFFICE OF NUCLEAR
SECURITY WITH THE 2010-2011 BUDGET PROPOSALS

REF: (A) UNVIE 65 (B) UNVIE 74

11. (SBU) SUMMARY. An IAEA Office of Nuclear Security (ONS) presentation on the proposed IAEA 2010-2011 budget emphasized plans to re-organize, increase staff, and become a more focused operation if the proposed IAEA budget increase is approved. The increase in regular budget resources for ONS would mainly go to bringing on regular staff, developing an information platform, analysis methodologies, develop databases and Integrated Nuclear Security Support Plans, completing a nuclear security framework, and establishing technical norms to support the framework. There are several nuclear security items anchored in the regular budget increase that would bring broad benefits to developing countries. If adopted, the proposed 2010-2011 budget would begin to rightsize regular budget (RB) support for ONS upward from the five percent of program resources the RB currently provides (which IAEA DDG David Waller called "pathetic" during his February budget presentation). DG ElBaradei has been among strongest advocates of giving ONS the resources necessary to help prevent the use of nuclear and other radiological materials in terrorist acts. End summary.

12. (SBU) On March 18, Tim Andrews from the International Atomic Energy Agency's (IAEA) Office of Nuclear Security (ONS), within the Department of Nuclear Safety and Security, gave a presentation of the ONS vision for the funds proposed in the IAEA's 2010-2011 budget released in early February (REF A). The presentation was hosted by the German Mission with several other key donors present, including the United Kingdom, Japan, Canada, and the Netherlands.

ONS 2008 Accomplishments

13. (SBU) The briefing began with a discussion by Mr. Andrews of the current expenditure, structure and accomplishments of the ONS. The 2008 regular budget of ONS is 1.1 million Euros and the total expenditure for 2008 was 22.9 million Euros, of which the United States provided close to 60 percent. ONS is currently structured with 4 full time professional staff in three sections; Information Management and Coordination Section, Prevention Section, and Detection and Response to Malicious Acts Section.

14. (SBU) The primary outputs by ONS for 2008 were 21 nuclear security related missions, 10 Integrated Nuclear Security Support Plans-INSSP (provides a platform for nuclear security work to be implemented over a period of time), physical protection activities underway in 12 States, more than 1500 radioactive sources removed, more than 170 kilograms of Highly Enriched Uranium (HEU) repatriated, detection equipment supplied to 24 States and nuclear

security related training for more than 1600 people from 90 states.

2010-2011 Funds

¶5. (SBU) Andrews said that with the 2010-2011 proposed budgets, ONS is interested in establishing "regular and assured resources" for ONS activities; however, they do want the regular budget to continue to be supplemented by extra-budgetary contributions. If the Secretariat's proposed budget goes through, ONS would re-structure the office into four sub-programs with the following titles; Needs Assessments and Information Coordination, Establishing a Global Nuclear Security Regime, Providing Nuclear Security Services, and Threat Reduction and Security Improvement.

¶6. (SBU) In the Secretariat's 2010 budget proposal, the ONS proposed regular budget is slightly over 8 million Euros (reflecting an increase of over 600 percent from the current low level), and anticipated extrabudgetary supported is 15 million Euros down from 16.7 million Euros in 2008. For 2011, the proposed regular budget is slightly under 11.6 million Euros while extrabudgetary would decline to 11.2 million Euros. Andrews said that the majority of the increased regular budget funds will be used for nuclear security activities that provide benefits across member states, including; development of information platforms, database development, program monitoring and INSSPs. Extrabudgetary funds would be more focused on state-specific activities such as physical protection upgrades, source recovery, supplying detection equipment and remote monitoring.

¶7. (SBU) ONS also expects to pay for more ONS staff with the regular budget funding. ONS would like to expand from funding 7.31

professional and general services staff from the regular budget to funding a total of 49.95 staff. ONS expects the total number of staff in the office not to increase significantly from the number currently on board. However, instead of consultants and cost free experts making up a majority of the current positions, these slots would be filled with professional and general services staff.

Program Support Costs

¶8. (SBU) Andrews also mentioned that due to unresolved issues over the new IAEA requirement to deduct Program Support Costs, ONS currently has 1.7 million Euros in tasks that are currently unfunded and only 50,000 Euros left unobligated. ONS is being asked to prioritize and delay work due to the funding shortage. However, Andrews also mentioned that the United Kingdom and Canada recently pledged 4 million pounds and 2 million dollars respectively and both agreed to pay program support costs at 7 percent.

Key Donor Comments

¶9. (SBU) Andrews left after the briefing and there was a discussion among those who attended about the 2010-2011 proposed budgets. The German Mission host commented that this was a very good presentation, however, the European Union, "...are against the budget increase as a whole and would not like to see more money given to TC." Canada and Netherlands both commented that they favor the increase in ONS funding. However, the Netherlands does have a problem with the overall Agency increase of the budget of 23 percent. Japan also mentioned that the "300 percent" increase was not something they could support.

COMMENT

¶10. (SBU) ONS is attempting to become a more independent office that produces short and long-range plans that can only be executed with a steady flow of assured regular budget resources. REF A made the case for "mainstreaming" the IAEA's nuclear security activities. As part of this, Mission recommends the U.S. encourage additional

regular budget resources for ONS. In this priority we are in close accord with the Director General and DDG Waller, who argued passionately for mainstreaming nuclear security in the RB to budget hawks from like-minded missions, whom the Ambassador invited to dinner with senior NNSA officials March 30. However, we also recognize the advantage of being able to give extrabudgetary funds that can be used to initiate and promote nuclear security activities that further specific USG interests. In the expectation that nuclear security will steadily move under the regular budget, the US should also consider the potential for 49 professional and general services staff being hired within ONS and work with ONS to ensure some of those positions, particularly professional, are staffed with Americans. The U.S. currently accounts for over 50 percent of ONS personnel, but all Amcits in ONS are Cost Free Experts. If these positions are paid for with the regular budget in the future, all of these jobs would cross over, become competitive, and would open to non-Americans.

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